

Message Text

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ACTION EA-14

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FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 6657

UNCLAS KUALA LUMPUR 1597

E.O. 11652: N/A

TAGS: ELAB, MY

SUBJECT: OPERATION OF GOVERNMENT PROVIDENT FUND

REF: STATE 64000

1. STATUTORY REQUIREMENT OF THE GOM'S EMPLOYEE'S PROVIDENT FUND (EPF) IS 5PC CONTRIBUTION FROM EMPLOYEE AND MATCHING 5PC CONTRIBUTION BY EMPLOYER. FOLLOWING RESPONSES ARE KEYED TO QUESTIONS IN REFTEL:

A. SMALL NUMBER OF COMPANIES HAVE AGREED IN COLLECTIVE BARGAINING NEGOTIATIONS TO MAKE CONTRIBUTIONS IN EXCESS OF 5PC. THESE COMPANIES INCLUDE CHEMICAL CORPORATION MALAYSIA, DUNLOP TIRE, LEVER BROS, AND GREAT EASTERN INSURANCE.

B. RANGE OF CONTRIBUTION IS FROM 8PC TO 12PC, I.E. 3PC TO 7PR OVER STATUTORY REQUIREMENT, WITH EMPLOYER MATCHING EMPLOYEE CONTRIBUTION.

C. EXCESS CONTRIBUTIONS OF SOME FIRMS ARRE HANDLED BY EPF IN SAME MANNER AS STATUTORY CONTRIBUTIONS; OTHERS HAVE MAINTAINED SEPARATE PENSION FUNDS FOR CONTRIBUTIONS IN EXCESS OF STATUTORY REQUIREMENT.

D. THERE ARE NO RPT NO LAWS PRVENTING COMPANY FROM PROVIDING DIFFERENT RETIREMENT BENEFITS TO DIFFERENT GROUPS OF EMPLOYEES, PROVIDED ALL EMPLOYEES RECEIVE BENEFIT OF MANDATORY 5PC EPF CONTRIBUTION.

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